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Message Text

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63/21
ACTION EA-09

INFO OCT-01 ISO-00 EB-07 L-03 SS-15 SP-02 INR-07 INRE-00

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---------- 064173
O 070345Z AUG 76
FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC IMMEDIATE 0636

C O N F I D E N T I A L TAIPEI 5358

C O R R E C T E D C O P Y (CAPTION STADIS DELETED PER MR ENGLEBRICHT -EA)

E.O. 11652: GDS
TAGS: ETRD, TW, US
SUBJ: SECTION 301 PETITION FILED BY CHARLES REHFELDT,
LAI FU TRADING COM., LTD.

REF: STATE 195887

1. TEXT OF JULY 23 LETTER FROM KYLE TO MINISTER FEL FOLLOWS:

"DEAR MINISTER FEI:

THIS IS IN REFERENCE TO THE SECTION 301 PETITION FILED WITH THE OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS BY MR. CHARLES REHFELDT, LAI FU TRADING COMPANY, LTD., CONCERNING IMPORT TARIFFS ON CERTAIN ELECTRICAL HOUSEHOLD APPLIANCES LEVIED BY THE GOVERNMENT OF THE REPUBLIC OF CHINA. MR. REHFELDT CLAIMS THAT THE RECENT INCREASE IN THE TARIFF ON COLOR TELEVISION SETS FROM 33 PERCENT TO 60 PERCENT AND THE INCREASE IN RATES ON MAJOR APPLIANCES AND HOUSEHOLD APPLIANCES CLASSIFIED AS "LUXURY" ITEMS HAS LED TO TARIFFS WHICH PREVENT THE NORMAL IMPORTATION OF U.S.-MADE TELEVISION SETS AND APPLIANCES, AND IS CONTRARY TO THE REQUIREMENT FOR GSP TREATMENT OUTLINED IN POINT 4 OF THE PRESIDENT'S NOVEMBER 11, 1975 SPEECH TO CONGRESS.

IN A LETTER DATED JULY 6, 1976, THE REPUBLIC OF CHINA
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EMBASSY IN WASHINGTON INFORMED THE PRESIDENT'S SPECIAL REPRESENTATIVE THAT THE GOVERNMENT OF THE REPUBLIC OF CHINA HAD REDUCED THE TARIFFS ON REFRIGERATORS AND COLOR TELEVISION SETS FROM 60 PERCENT TO 45 PERCENT, EFFECTIVE JULY 1. THE

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LETTER FURTHER INDICATED THAT IT WAS NOT POSSIBLE TO ARRANGE FOR OTHER TARIFF REDUCTIONS SOUGHT BY THE U.S.

THE SPECIAL TRADE REPRESENTATIVE HAS INFORMED THE REPUBLIC OF CHINA EMBASSY THAT THE AFOREMENTIONED RATE REDUCTIONS ARE AN INADEQUATE RESPONSE TO THE PROBLEM, AND INDICATED PREVIOUS MUTUAL UNDERSTANDING THAT THE RATE ON COLOR TELEVISION SETS WOULD BE ROLLED BACK TO 33 PERCENT CALLED INTO QUESTION THE GOOD INTENTIONS OF THE REPUBLIC OF CHINA FOR FUTURE ACTION.

THE U.S. OBJECTIVE IN THIS MATTER IS THREEFOLD: (1) A ROLLBACK TO THE LOWEST RATE PREVAILING BEFORE JULY 9, 1974 (I.E., 33 PERCENT) ON FREEZER CHESTS, COLOR TELEVISION SETS, AND TELEVISION STANDS; (2) A ROLLBACK TO THE JULY 9, 1974 RATE OF 45 PERCENT ON ELECTRIC REFRIGERATORS AND AIR CONDITIONERS, AND AN UNDERTAKING NOT TO INCREASE THE RATE OF 46 PERCENT ON AUTOMATIC WASHING MACHINES; AND (3) SOME REDUCTION IN THE CURRENT RATE OF 104 PERCENT ON SYNTHETIC FIBER CARPETS.

THE RATE REDUCTIONS SOUGHT BY THE U.S. INVOLVE DUTIES ON GOODS WHICH THE REPUBLIC OF CHINA PRODUCES ON VERY COMPETITIVE INTERNATIONAL TERMS. EVEN AT THE RATES REQUESTED BY THE U.S., THE TARIFFS ON THESE GOODS WOULD STILL BE INORDINATELY HIGH, AND MORE THAN ADEQUATE TO PROTECT REPUBLIC OF CHINA PRODUCERS IN THEIR OWN MARKETS.

THE U.S. GOVERNMENT URGENTLY DESIRES TO BRING THIS ISSUE TO A SATISFACTORY CONCLUSION AND HOPES THAT A FAVORABLE RESPONSE FROM THE REPUBLIC OF CHINA GOVERNMENT WILL BE QUICKLY FORTHCOMING. SINCERELY, JOSEPH B. KYLE, COUNSELOR OF EMBASSY FOR ECONOMIC AND COMMERCIAL AFFAIRS".

2. POSSIBILITY OF SECTION 301 RETALIATION BY USG IF GROC RESPONDS NEGATIVELY TO OUR CEMARCHE WAS EMPHASIZED DURING JULY 21 DISCUSSION. MINISTER ALSO INDICATED HE WAS AWARE OF THIS POSSIBILITY FROM COMMUNICATIONS RECEIVED FROM GROC EMBASSY IN CONFIDENTIAL

WASHINGTON.

3. MINISTER IS NOT IN OFFICE THIS WEEKEND WHILE ATTENDING ACADEMIA SINICA INSTITUTE OF ECONOMICS CONFERENCE. MEETING HAS BEEN REQUESTED WITH HIM AS EARLY AS POSSIBLE MORNING OF AUGUST 9. EMPHASIS AGAIN WILL BE PLACED ON STRONG POSSIBILITY USG MAY BE FORCED TO TAKE RETALIATORY ACTION IF GROC RESPONSE IS NOT POSITIVE. RESULTS OF THAT MEETING WILL BE REPORTED IMMEDIATELY.

4. CHARLES REHFELDT HAS NOT REPEAT NOT BEEN IN TOUCH WITH EMBASSY. E.J. REHFELDT III, PRESIDENT OF LAI FU, HAS BEEN KEPT FULLY INFORMED OF DEVELOPMENTS. HE TELEPHONED ECONOMIC

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COUNSELOR AFTERNOON AUGUST 6 TO INQUIRE IF RESPONSE HAD BEEN
RECEIVED TO JULY 23 LETTER. WHEN INFORMED THAT RESPONSE HAD
NOT BEEN RECEIVED, REHFELDT'S COMMENT WAS: "KEEP ME POSTED.
WE HAVE TO KEEP THE PRESSURE ON".
UNGER

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<< END OF DOCUMENT >>

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